



## International Right of Way Association Weekly Update

Monday, May 15, 2017

### Trump Administration

- This morning, in her opening remarks officially kicking off Infrastructure Week, Sec. Chao provided some additional detail on the Administration's infrastructure proposal. According to a Nossaman expert who attended the remarks, Secretary Chao noted that:
  - We should expect to see more detail of the Administration's infrastructure proposal in the next several weeks.
  - The proposal will include \$200 billion in direct federal spending and leverage \$1 trillion in investments.
  - The Office of Management and Budget is currently identifying offsets for the direct federal spending.
  - The proposal will unleash private capital by reforming the environmental permitting process to reduce project delay and risk.
  - The core of the proposal will be to achieve a new paradigm by incentivizing self-help from state and local project sponsors by providing higher-priority access to new federal funds.
  - The proposal will cover traditional infrastructure classes as well as energy, water, and broadband infrastructure and Veterans Affairs hospitals.
- This week, the Senate is expected to confirm Jeffrey Rosen to be the Deputy Secretary of Transportation. (<http://thehill.com/blogs/floor-action/scheduling/333204-this-week-congress-grapples-with-comey-fallout>)

### Congress

- The Senate Environment and Public Works Committee will hold two noteworthy hearings this week. On Tuesday afternoon, the panel will hear from witnesses, including the founder of Nossaman's Infrastructure Practice Group, on the topic of "Leveraging Federal Funding: Innovative Solutions for Infrastructure." (<https://www.epw.senate.gov/public/index.cfm/2017/5/leveraging-federal-funding-innovative-solutions-for-infrastructure>) On Wednesday, the panel will hear from Sec. Chao to discuss transportation issues, generally. (<https://www.epw.senate.gov/public/index.cfm/2017/5/improving-america-s-transportation-infrastructure-the-road-forward>)

## Analysis

- Sec. Chao's remarks provide some answers to previous unknowns, leave some issues unresolved, and raise some new questions.
- First, regarding the new information:
  - Sec. Chao's comments commit to an actual dollar amount of direct federal spending being planned. The \$200 billion number has been floated for some time, but Sec. Chao was definitive this morning that this is the amount of direct spending that the Administration will propose.
  - The fact that the Office of Management and Budget is identifying offsets tells us two things—that the President is not currently thinking of deficit spending as an option for infrastructure, and that the President is not planning to use tax reform to pay for infrastructure (i.e., through repatriation).
- Second, the main issue still unresolved is regarding timing/sequencing with the President's other priorities. While the timeline for the plan's unveiling is still vague, Sec. Chao did phrase it in terms of weeks, not months. Whether or not the Administration meets the aggressive timeline the President laid out, which we discussed last week, remains to be seen. Also remaining to be seen is how health care, the budget, government funding, the debt ceiling, and tax reform impact the timing of consideration of the infrastructure proposal.
- Finally, Sec. Chao's comments raise some new questions, as well. We have heard her and other officials discuss the concept of leveraging state/local and private investment, but Sec. Chao framed the proposal as a "new paradigm" of federal infrastructure investment to provide "higher-priority" access to those entities that are exercising self-help. The big question now is how this paradigm shift will be accomplished, practically speaking. Nossaman experts have been discussing this concept with Administration officials since the fall, and at the Environment and Public Works Committee hearing on Tuesday, May 16<sup>th</sup>, a Nossaman infrastructure expert will suggest some ways that Sec. Chao and the President could achieve these goals. The hearing will be live-streamed at the following link beginning at 3:15 pm ET:  
<https://www.epw.senate.gov/public/index.cfm/2017/5/leveraging-federal-funding-innovative-solutions-for-infrastructure>.